

## **OPENING STATEMENT**

of

### **SENATOR CHUCK GRASSLEY**

Chairman, Senate Special Committee on Aging

#### **Medicare Payment Reform: Increasing Choice and Equity**

May 19, 1997

The hearing will come to order. As chairman of the Senate Special Committee on Aging, I would like to welcome my colleagues and the witnesses to this afternoon's hearing.

Today's hearing will focus on the Medicare managed care program. Its title is "Medicare Payment Reform: Increasing Choice and Equity." To help you understand what this hearing is all about, I'd like to read a letter I recently received in the mail. I believe the letter captures the essence of the problem better than any of us here in Congress could.

The letter was sent to me on April 11 of this year. It was written by Mrs. Cecile J. Buzzini of Suisun City, California. I'm going to read you an excerpt from her letter:

"Dear Sir,

I read an article in the A.M. newspaper where you are Chairman of the Special Committee on Aging.

First of all I am 75 years of age, and I am planning on moving to Des Moines, Iowa to be near my daughter. I have an HMO with Kaiser insurance -- which isn't located in Des Moines -- so I would have to change my HMO. But when I check on HMOs in Des Moines, they do not have any, so I would have to have a supplemental plan which I had before I joined an HMO. The supplemental plans are very expensive.. . .

I still would love to move to your state, but I can't afford your insurance plans.

Please reply."

Well, we here in Washington often find ourselves in this position: trying to explain the unexplainable, and defend the indefensible. Mrs. Buzzini is exactly right when she says that in Des Moines -- Iowa's capital city -- we do not have any Medicare risk HMOs. In fact, out of Iowa's 99 counties, there's only one in which seniors have the managed care option.

On the other hand, in many parts of America, seniors may choose among numerous managed care plans. In fact, the plans in those areas offer extra benefits, competing to attract enrollees. If you'll look at the easel over here, you'll see an advertisement for a Medicare HMO in a high-payment part of the country. This plan is comparing all the extra benefits it offers with those offered by regular Medicare: prescription drugs, preventive services, vision and hearing care. Is it bad that seniors in that area have access to these benefits? Of course not, just as it's not a bad thing that Mrs. Buzzini is satisfied with her

plan in California.

But our seniors are justified in asking: don't we have a single Medicare program in the United States? Is it possible that people who have paid the same 2.9% payroll tax during their working lives have access to widely different choices? Well, if you'll take a look at this map, you'll see that it's more than possible - it's a fact. The widely varying payment rates around the country mean that widely varying choices are available to our seniors. There can be no doubt: Mrs. Buzzini has put her finger on a serious problem in Medicare.

Today's hearing is about solving that problem. By coming together today, we're getting beyond explaining or defending the status quo: we're trying to fix it. We have a number of witnesses who can help us understand the problem, and help us fix it.

Now, I want to make a point about what this hearing is not about: it's not about playing the blame game. It's not about punishing plans or areas of the country. This problem is in our laws, which we here in Congress are responsible for, and which we can now come together to try to improve. I know in these kinds of things there's a temptation to focus on "winners" and "losers." But let's not do that: let's focus instead on making this Medicare program offer more and better choices for our seniors in all areas of the country.

We have two panels today. The first panel focuses on what's wrong, and the second panel will give us ideas for solving it.